

# *Documents on Diplomacy: The Source*

## *The Repudiation of Dollar Diplomacy* *Woodrow Wilson, March 19, 1913*

**W**e are informed that, at the request of the last administration, a certain group of American bankers undertook to participate in the loan now desired by the government of China (approximately \$125 million). Our government wished American bankers to participate along with the bankers of other nations, because it desired that the goodwill of the United States toward China should be exhibited in this practical way, that American capital should have access to that great country, and that the United States should be in a position to share with the other powers any political responsibilities that might be associated with the development of the foreign relations of China in connection with her industrial and commercial enterprises.

The present administration has been asked by this group of bankers whether it would also request them to participate in the loan. The representatives of the bankers through whom the administration was approached declared that they would continue to seek their share of the loan under the proposed agreements only if expressly requested to do so by the government. The administration has declined to make such request because it did not approve the conditions of the loan or the implications of responsibility on its own part which it was plainly told would be involved in the request.

The conditions of the loan seem to us to touch very nearly the administrative independence of China itself; and this administration does not feel that it ought, even by implication, to be a party to those conditions. The responsibility on its part which would be implied in requesting the bankers to undertake the loan might conceivably go to the length, in some unhappy contingency, of forcible interference in the financial, and even the political, affairs of that great Oriental state, just now awakening to a consciousness of its power and of its obligations to its people.

The conditions include not only the pledging of particular taxes, some of them antiquated and burdensome, to secure the loan but also the administration of those taxes by foreign agents. The responsibility on the part of our government implied in

the encouragement of a loan thus secured and administered is plain enough and is obnoxious to the principles upon which the government of our people rests.

The government of the United States is not only willing but earnestly desirous of aiding the great Chinese people in every way that is consistent with their untrammelled development and its own immemorial principles. The awakening of the people of China to a consciousness of their possibilities under free government is the most significant, if not the most momentous, event of our generation. With this movement and aspiration the American people are in profound sympathy. They certainly wish to participate, and participate very generously, in opening to the Chinese and to the use of the world the almost untouched and perhaps unrivaled resources of China.

The government of the United States is earnestly desirous of promoting the most extended and intimate trade relationships between this country and the Chinese Republic. The present administration will urge and support the legislative measures necessary to give American merchants, manufacturers, contractors, and engineers the banking and other financial facilities which they now lack, and without which they are at a serious disadvantage as compared with their industrial and commercial rivals. This is its duty. This is the main material interest of its citizens in the development of China. Our interests are those of the open door—a door of friendship and mutual advantage. This is the only door we care to enter. ■

### *Source*

Vincent Ferraro Home Page at Mt. Holyoke College Source: *American Journal of International Law*, Vol. VII, pp. 338–339

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